

TOWN OF DELHI, LOUISIANA

*Financial Report
For the Year Ended September 30, 2010*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/23/11



TOWN OF DELHI, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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TOWN OF DELHI, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

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INDEPENDENT AUDITORS' REPORT

The Honorable Lynn Lewis, Mayor,
And the Members of the Board of Aldermen
Delhi, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Delhi, Louisiana as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Delhi, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Delhi, Louisiana, as of September 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2011, on our consideration of the Town of Delhi, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 13 and 36 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The Honorable Lynn Lewis, Mayor,
And the Members of the Board of Aldermen
Delhi, Louisiana

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Town of Delhi, Louisiana, taken as a whole. The accompanying financial information listed as "Schedules" and "Supplementary Information" in the table of contents, including the Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as require by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Town of Delhi, Louisiana, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Delhi, Louisiana's financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic government financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic government financial statements and, accordingly, we express no opinion on it.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
March 4, 2011

REQUIRED SUPPLEMENTAL INFORMATION – PART I

TOWN OF DELHI, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) for the Town of Delhi is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Town's financial activities;
3. Identify changes in the Town's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
4. Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
5. Identify individual fund issues or concerns.

As management of the Town of Delhi, we offer readers of the Financial Statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2010. The Town began this new reporting model required by the Governmental Accounting Standards Board (GASB) Statement Number 34 for the fiscal year ended September 30, 2004.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that is provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A requires supplementary information that introduces the reader to the basic financial statements and provides an overview of the Town's financial activities. The Town's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled "Government-Wide Financial Analysis".

1. Government-Wide Financial Statements

The Government-Wide Financial Statements (see pages 14 to 15) are designed to present the financial operations of the Town as a whole in a format similar to private sector companies. All governmental and business-type activities are consolidated into columns which add to a total for the Primary Government.

The focus is on the government-wide (entity-wide) "Statement of Net Assets" and "Statement of Activities" to give the reader a broad overview of the Town's financial position and results of operations.

- a. The Statement of Net Assets presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.
- b. The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (general government, public safety, public works and streets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues.

2. Fund Financial Statements

The fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town of Delhi uses two categories of funds to account for financial transactions: governmental funds, and proprietary funds.

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

2. Fund Financial Statements (Continued)

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The Town of Delhi's governmental funds include the following:

- a. General Fund used for accounting for the Town's basic services.
- b. Special Revenue Fund – Sales Tax Fund is used for accounting for the receipts and disbursements of the sales tax monies.
- c. Capital Projects Fund used for accounting for financial transactions under a Louisiana Community Development Block Grant.
- d. Debt Service Fund used for accounting for the transfers and payments of monies used to retire debt of the Town.

The Proprietary Fund accounts for water and sewer services for the Town of Delhi. Enterprise funds are used to account for the same functions as business-type activities presented in the government-wide financial statements, but the fund presentation provides more detail. The proprietary fund financial statements can be found on pages 20 to 23 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Whereas the Total column on the Enterprise Fund Financial Statements is the same as the Business-Type column of the Government-Wide Financial Statements, the governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet (reconciliation on page 17) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 19).

3. Notes to the Financial Statements

The Notes to the Financial Statements provide information essential to a full understanding of the government-wide and fund financial statements. When reviewing this MD&A, the reader should also refer to and review the Notes to the Financial Statements (beginning on page 24), as well as the Government-Wide and Fund Financial Statements (included on pages 14 to 23).

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements (Continued)

4. Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information concerning the Town's budget presentations. Budgetary comparison statements are included as "required supplemental information (Part II)" for the general, special revenue, capital project, and proprietary funds. These schedules demonstrate compliance with the Town's adopted and final revised budget. This information can be found on pages 36 to 42 of this report.

Government-Wide Financial Analysis

The Town implemented the new financial reporting model used in this report beginning with the fiscal year ended September 30, 2004. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net assets at September 30, 2010, are \$11,851,548. The following table provides a summary of the Town's net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Assets:				
Current assets	\$ 869,148	\$ 4,711,270	\$ 5,580,418	17%
Restricted assets	676,983	756,849	1,433,832	4%
Capital assets	5,738,101	3,981,414	9,719,515	29%
Other assets	-	16,563,547	16,563,547	50%
Total Assets	<u>7,284,232</u>	<u>26,013,080</u>	<u>33,297,312</u>	<u>100%</u>
Liabilities:				
Current liabilities	202,293	3,718,699	3,920,992	19%
Long-Term liabilities	<u>10,366</u>	<u>17,490,106</u>	<u>17,500,472</u>	<u>81%</u>
Total Liabilities	<u>212,659</u>	<u>21,208,805</u>	<u>21,421,464</u>	<u>100%</u>
Net Assets:				
Investment in Capital Assets	5,695,565	3,036,521	8,732,086	75%
Restricted	676,983	756,850	1,433,833	12%
Unrestricted	<u>674,725</u>	<u>1,010,904</u>	<u>1,685,629</u>	<u>13%</u>
Total Net Assets	<u>\$7,047,273</u>	<u>\$ 4,804,275</u>	<u>\$ 11,851,548</u>	<u>100%</u>

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

The Town's net assets at September 30, 2009, are \$10,762,170. The following table provides a summary of the Town's net assets:

	<u>Summary of Net Assets</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Assets:				
Current assets	\$ 1,272,845	\$ 841,800	\$ 2,114,645	17%
Restricted assets	488,281	551,123	1,039,404	8%
Capital assets	5,708,520	3,539,757	9,248,277	75%
Other assets	-	13,750	13,750	-
Total Assets	<u>7,469,646</u>	<u>4,946,430</u>	<u>12,416,076</u>	<u>100%</u>
Liabilities:				
Current liabilities	128,476	132,638	261,114	16%
Long-Term liabilities	18,236	1,374,556	1,392,792	84%
Total Liabilities	<u>146,712</u>	<u>1,507,194</u>	<u>1,653,906</u>	<u>100%</u>
Net Assets:				
Investment in Capital Assets	5,682,771	2,144,061	7,826,832	73%
Restricted	488,281	551,123	1,039,404	10%
Unrestricted	<u>1,151,882</u>	<u>744,052</u>	<u>1,895,934</u>	<u>17%</u>
Total Net Assets	<u>\$ 7,322,934</u>	<u>\$ 3,439,236</u>	<u>\$ 10,762,170</u>	<u>100%</u>

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Town's current ratio as of September 30, 2010 is 4.30 to 1 for governmental activities and 1.26 to 1 for business-type activities. The current ratio as of September 30, 2009 is 9.9 to 1 for governmental activities and 6.35 to 1 to business-type activities. The Town's overall current ratio is 1.42 to 1 as of September 30, 2010, and 8.10 to 1 as of September 30, 2009. These ratios indicate a strong current financial position.

The Town reported positive balances in net assets for both governmental and business-type activities for the years ended September 30, 2010 and 2009. Net assets decreased in governmental activities by \$275,661 and increased in business-type activities by \$1,365,039. The Town's overall financial position improved during the fiscal year ending September 30, 2010, as total net assets increased by 10.12%. The Town's net assets for the year ended September 30, 2009 increased in governmental activities by \$346,270 and decreased in business-type activities by \$23,774. During the fiscal year ended September 30, 2009, total net assets increased by 3.09%.

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

The largest category of net assets is "Investment in Capital Assets", and comprises 75% of net assets. This category reflects the total invested in capital assets (land, buildings, equipment, infrastructure, utility system improvements, etc.). These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Condensed Statement of Activities – September 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Revenues:				
Program:				
Charges for services	\$ 482,411	\$ 2,061,241	\$ 2,543,652	44%
Operating grants and contributions	40,310	-	40,310	1%
Capital grants and contributions	1,046,711	291,444	1,338,155	36%
General:				
Property tax	138,498	-	138,498	2%
Franchise tax	86,786	-	86,786	1%
Sales tax	796,571	-	796,571	14%
Interest	11,176	7,955	19,131	1%
Other	66,537	1,474	68,011	1%
Total revenues	<u>2,669,000</u>	<u>2,362,114</u>	<u>5,031,114</u>	<u>100%</u>
Program expenses:				
General government	2,448,439	-	2,448,439	60%
Public safety:				
Police	363,302	-	363,302	9%
Fire	47,137	-	47,137	1%
Public works	10,599	-	10,599	1%
Streets	262,355	-	262,355	6%
Interest	1,072	-	1,072	1%
Water and Sewer	-	808,832	808,832	22%
Total expenses	<u>3,132,904</u>	<u>808,832</u>	<u>\$ 3,941,736</u>	<u>100%</u>
Excess (deficiency)	(463,904)	1,553,282	1,089,378	
Transfers	<u>188,243</u>	<u>(188,243)</u>	<u>-</u>	
Change in Net Assets	(275,661)	1,365,039	1,089,378	
Beginning Net Assets	<u>7,322,934</u>	<u>3,439,236</u>	<u>10,762,170</u>	
Ending Net Assets	<u>\$ 7,047,273</u>	<u>\$ 4,804,275</u>	<u>\$ 11,851,548</u>	

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)Condensed Statement of Activities – September 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Percentage Total</u>
Revenues:				
Program:				
Charges for services	\$ 488,168	\$ 874,161	\$ 1,362,329	48%
Operating grants and contributions	216,103	-	216,103	7%
Capital grants and contributions	119,790	-	119,790	4%
General:				
Property tax	136,022	-	136,022	5%
Franchise tax	72,509	-	72,509	3%
Sales tax	801,424	-	801,424	28%
Interest	18,491	12,305	30,796	1%
Other	85,749	21,568	107,317	4%
Total revenues	<u>1,938,256</u>	<u>908,034</u>	<u>2,846,290</u>	<u>100%</u>
Program expenses:				
General government	1,105,731	-	1,105,731	44%
Public safety:				
Police	282,768	-	282,768	11%
Fire	38,220	-	38,220	1%
Public works	11,906	-	11,906	1%
Streets	219,014	-	219,014	8%
Interest	5,938	-	5,938	1%
Water and Sewer	-	860,217	860,217	34%
Total expenses	<u>1,663,577</u>	<u>860,217</u>	<u>2,523,794</u>	<u>100%</u>
Excess	274,679	47,817	322,496	
Transfers	<u>71,591</u>	<u>(71,591)</u>	<u>-</u>	
Change in Net Assets	346,270	(23,774)	322,496	
Beginning Net Assets	<u>6,976,664</u>	<u>3,463,010</u>	<u>10,439,674</u>	
Ending Net Assets	<u>\$ 7,322,934</u>	<u>\$ 3,439,236</u>	<u>\$ 10,762,170</u>	

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

The Condensed Statement of Activities presents revenues, expenses, and changes in net assets separately for governmental activities and business-type activities. The condensed format allows for presentation of Program Revenues (Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions) followed by a listing of General Revenues to support the Town's overall governmental or business-type activities. Expenses are presented on a functional basis.

As noted above, there are two categories of revenues on the Statement of Activities – "Program Revenues" and "General Revenues". "Program Revenues" derive directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's "General Revenues". "Program Revenues" are further divided into Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions. The major revenues in governmental activities for the Town in the Charges for Services sub-category are \$154,390 for police and court fines, \$170,763 for garbage collection, and \$137,542 for occupational licenses for the fiscal year ended September 30, 2010, and \$180,051 for police and court fines, \$167,547 for garbage collection, and \$140,680 for occupational licenses for the fiscal year ended September 30, 2009. Revenues in the Operating Grants and Contributions sub-category consist of \$40,310 and \$216,103 for the fiscal years ended September 30, 2010 and 2009, respectively. The revenues required to be reported provided for supplemental police pay, with the balance consisting primarily of intergovernmental grants for repairs to the Whiteline Boat facility, reimbursement for highway maintenance, and fire insurance rebates. Revenues in the Capital Grants and Contributions sub-category consist of \$1,046,711 and \$119,790 for the fiscal years ended September 30, 2010 and 2009, respectively. These revenues provided for the improvement and renovation of the Cave Theatre, purchase of equipment, and various infrastructure improvements, including \$1,005,287 for sidewalks. "General Revenues" include all revenues not required to be reported as "Program Revenues". All taxes are to be reported by type. The major tax revenues for the Town of Delhi are sales tax revenues of \$796,571, property taxes of \$138,498, and franchise taxes of \$86,786 for the year ended September 30, 2010. The major tax revenues for the year ended September 30, 2009, are sales tax revenues of \$801,424, property taxes of \$136,022, and franchise taxes of \$72,509. Other "General Revenues" reported include interest income and miscellaneous revenues.

"Program Expenses" for the governmental funds are presented in the above Condensed Statement of Activities by function and total \$3,132,904 and \$1,663,577 (including interest on long-term debt) for the fiscal years ended September 30, 2010 and 2009, respectively.

Business-Type Activities provided by the Town of Delhi consists of water and sewer utilities. All revenues are in the category of "Program Revenues", with the exceptions of interest income and miscellaneous income reported as "General Revenue". "Program Revenues" in the Charges for Services sub-category consists of billings of \$1,190,650 for water, and \$864,662 for sewer for the year ended September 30, 2010, and \$578,861 for water, and \$289,874 for sewer for the fiscal year ended September 30, 2009.

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis (Continued)

The Town reports the total amount of expenses for operation of the utility system as \$808,832 and \$860,217 for the years ended September 30, 2010 and 2009, respectively. The "Change in Net Assets" (revenues less expenses) for the utility system was \$1,365,039 and \$(23,774) for the fiscal years ended September 30, 2010 and 2009, respectively.

Required Supplementary Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplementary Information. This Required Supplementary Information for the Town of Delhi includes the Budgetary Comparison Schedule for the general fund, special revenue fund, capital projects fund, and the proprietary fund. The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

Capital Assets and Long-Term Debt

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of September 30, 2010 was \$5,713,801 and \$3,981,414, respectively, and \$5,708,520 and \$3,539,757, respectively, as of September 30, 2009. The increase in net investment for governmental type activities and business-type activities was .5% and 12.47%, respectively, for the fiscal year ended September 30, 2010. For the year ended September 30, 2009, net investment for governmental type activities increased .13% while net investment for business-type activities decreased 3.60%. For the year ended September 30, 2010, there was an overall increase in capital asset investment for the Town as a whole of 5.10%. The overall decrease for the Town as a whole for the fiscal year ended September 30, 2009 was 1.33%. See note 3 for additional information about changes in capital assets during the fiscal year and capital assets outstanding at the end of the year. During 2010, \$16,549,797 in construction in progress was added for improvements to the town's water and sewer systems.

At September 30, 2010 and 2009, the depreciable capital assets for governmental activities were 56% and 55%, respectively, depreciated. With the Town's business-type activities, 45% and 47% of the asset values were depreciated at September 30, 2010 and 2009, respectively.

At the end of the fiscal year ended September 30, 2008, the Town had total certificates of indebtedness outstanding of \$157,000 supported by pledged sales tax collections. The certificates of indebtedness were paid in full during the fiscal year ended September 30, 2009. As of September 30, 2010 and 2009, the Town had total bond indebtedness in the amount of \$17,508,440 and \$1,395,696, respectively. Pledged sewer collections support \$10,419,957 of total outstanding bond indebtedness of which \$8,958,488 represents Lamb Weston sewer system improvement construction advances through September 30, 2010. Pledged water collections support \$6,449,288 of total outstanding bond indebtedness which represents Lamb Weston water system improvement construction advances through September 30, 2010.

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt (Continued)

The Town will incur \$299,605 in interest costs over the next 5 years in connection with the 2006 sewer revenue bond issue. The Town will incur an estimated \$515,298 of interest and fees over the next five years in connection with the 2010 sewer revenue bond issue. The Town will incur an estimated \$1,171,919 of interest and fees over the next five years in connection with the 2010 water revenue bond issue. Estimated future interest and fees on the 2010 sewer revenue bond issue are based on the full \$11,000,000 principal amount being advanced at delivery. Estimated future interest and fees on the 2010 water revenue bond issue are based on the Full \$7,500,000 principal amount being advanced at delivery. Actual future interest and fees for these issues will vary based on timing of actual advances. Interest paid during the year ended September 30, 2010 in connection with the 2010 bond issues has been accounted for as construction period interest, and therefore capitalized as part of construction in progress and included as other assets on the Statement of Net Assets. See note 5 for additional information about the Town's long-term debt.

The following table provides a summary of capital asset activity.

	Balance <u>10/01/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/10</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Other capital assets:				
Buildings	3,997,646	310,382	-	4,308,028
Infrastructure	6,935,990	25,275	-	6,961,265
Equipment	<u>1,082,212</u>	<u>8,046</u>	-	<u>1,090,258</u>
Totals	<u>12,300,008</u>	<u>343,703</u>	-	<u>12,643,711</u>
Less accumulated depreciation:				
Buildings	2,259,149	66,849	-	2,325,998
Infrastructure	3,545,639	217,038	-	3,762,677
Equipment	<u>786,700</u>	<u>54,535</u>	-	<u>841,235</u>
Total accumulated depreciation	<u>6,591,488</u>	<u>338,422</u>	-	<u>6,929,910</u>
Governmental activities, capital assets, net	<u>\$ 5,708,520</u>	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ 5,713,801</u>

TOWN OF DELHI, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt (Continued)

The following table provides a summary of capital asset activity (continued).

	Balance 10/01/09	Additions	Deletions	Balance 9/30/10
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,718	\$ -	\$ -	\$ 5,718
Construction In Progress	13,750	16,549,797	-	16,563,547
Other capital assets:				
Buildings	247,998	-	-	247,998
Infrastructure	5,892,022	577,922	-	6,469,944
Equipment	476,763	-	-	476,763
Totals	<u>6,636,251</u>	<u>17,127,719</u>	<u>-</u>	<u>23,763,970</u>
Less accumulated depreciation:				
Buildings	223,590	1,475	-	225,065
Infrastructure	2,387,617	130,781	-	2,518,398
Equipment	471,537	4,009	-	475,546
Total accumulated depreciation	<u>3,082,744</u>	<u>136,265</u>	<u>-</u>	<u>3,219,009</u>
Business-type activities, capital assets, net	<u>\$ 3,553,507</u>	<u>\$16,991,454</u>	<u>\$ -</u>	<u>\$ 20,544,961</u>
	Balance 10/01/08	Additions	Deletions	Balance 9/30/09
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Other capital assets:				
Buildings	3,693,473	304,173	-	3,997,646
Infrastructure	6,902,815	33,175	-	6,935,990
Equipment	1,134,661	17,215	69,664	1,082,212
Totals	<u>12,015,109</u>	<u>354,563</u>	<u>69,664</u>	<u>12,300,008</u>
Less accumulated depreciation:				
Buildings	2,194,808	64,341	-	2,259,149
Infrastructure	3,326,874	218,765	-	3,545,639
Equipment	792,600	56,799	62,699	786,700
Total accumulated depreciation	<u>6,314,282</u>	<u>339,905</u>	<u>62,699</u>	<u>6,591,488</u>
Governmental activities, capital assets, net	<u>\$ 5,700,827</u>	<u>\$ 14,658</u>	<u>\$ 6,965</u>	<u>\$ 5,708,520</u>

TOWN OF DELHI, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Long-Term Debt (Continued)

The following table provides a summary of capital asset activity (continued).

	<u>Balance</u> <u>10/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/09</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,718	\$ -	\$ -	\$ 5,718
Construction In Progress	13,750	-	-	13,750
Other capital assets:				
Buildings	247,998	-	-	247,998
Infrastructure	5,892,022	-	-	5,892,022
Equipment	468,092	8,671	-	476,763
Totals	<u>6,627,580</u>	<u>8,671</u>	<u>-</u>	<u>6,636,251</u>
Less accumulated depreciation:				
Buildings	217,431	6,159	-	223,590
Infrastructure	2,257,512	130,105	-	2,387,617
Equipment	466,896	4,641	-	471,537
Total accumulated depreciation	<u>2,941,839</u>	<u>140,905</u>	<u>-</u>	<u>3,082,744</u>
Business-type activities, capital assets, net	<u>\$ 3,685,741</u>	<u>(\$ 132,234)</u>	<u>\$ -</u>	<u>\$ 3,553,507</u>

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town's clerk at Town of Delhi, Louisiana.

Lynn Lewis
Mayor

BASIC FINANCIAL STATEMENTS

TOWN OF DELHI, LOUISIANA
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 358,158	\$ 499,291	\$ 857,449
Investments	692,076	432,365	1,124,441
Receivables - User Charges	147,662	423,204	570,866
Grant Receivables - LCDBG and Recovery Act	-	278,207	278,207
Lamb Weston Improvements Funding Receivable	-	2,745,132	2,745,132
Accrued Interest	700	762	1,462
Internal Balances	(332,309)	332,309	-
Other assets	2,861	-	2,861
Total Current Assets	<u>869,148</u>	<u>4,711,270</u>	<u>5,580,418</u>
Non-Current Assets:			
Restricted Assets:			
Cash and Cash Equivalents	396,850	557,803	954,653
Investments	280,133	199,046	479,179
Capital Assets:			
Non-depreciable	284,160	5,718	289,878
Depreciable (net)	5,429,641	3,975,696	9,405,337
Other Assets - Construction In Progress	-	16,563,547	16,563,547
Total Non-Current Assets	<u>6,390,784</u>	<u>21,301,810</u>	<u>27,692,594</u>
Total Assets	<u>7,259,932</u>	<u>26,013,080</u>	<u>33,273,012</u>
LIABILITIES			
Current Liabilities:			
Accounts and other payables	174,370	34,775	209,145
Accounts payable - LCDBG and Recovery Act	-	393,766	393,766
Accounts payable - Lamb Weston Contracts	-	3,181,300	3,181,300
Deposits due others	-	90,524	90,524
Other liabilities	20,053	-	20,053
Current portion of Bonds Payable	-	520,485	520,485
Current portion of Obligations under Capital Lease	8,585	-	8,585
Total Current Liabilities	<u>203,008</u>	<u>4,220,850</u>	<u>4,423,858</u>
Non-Current Liabilities:			
Bonds Payable after one year	-	16,987,955	16,987,955
Obligations under Capital Lease after one year	9,651	-	9,651
Total Non-Current Liabilities	<u>9,651</u>	<u>16,987,955</u>	<u>16,997,606</u>
Total Liabilities	<u>212,659</u>	<u>21,208,805</u>	<u>21,421,464</u>
NET ASSETS			
Invested in Capital Assets (net of related debt)	5,695,565	3,036,521	8,732,086
Restricted for:			
Community development	398,558	-	398,558
Debt Service	189,903	489,082	678,985
Other purposes	88,522	267,768	356,290
Unrestricted (Deficit)	674,725	1,010,904	1,685,629
Total Net Assets	<u>\$ 7,047,273</u>	<u>\$ 4,804,275</u>	<u>\$ 11,851,548</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2010

	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS		
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	ACTIVITIES	ACTIVITIES
<u>Functions/Programs</u>						
Governmental Activities:						
General government						
Public safety:						
Police	\$ 2,448,439	\$ 328,021	\$ 8,474	\$ 1,042,624	\$ (1,069,320)	\$ (1,069,320)
Fire	363,302	154,390	18,000	4,087	(186,825)	(186,825)
Public works	47,137	-	9,676	-	(37,461)	(37,461)
Streets	10,599	-	-	-	(10,599)	(10,599)
Interest on long-term debt	262,355	-	4,160	-	(258,195)	(258,195)
Total governmental activities	1,072	-	-	-	(1,072)	(1,072)
	3,132,904	482,411	40,310	1,046,711	(1,563,472)	(1,563,472)
Business-type activities:						
Water and Sewer	808,832	2,061,241	-	291,444	-	1,543,853
Total business-type activities	808,832	2,061,241	-	291,444	-	1,543,853
Total primary government	\$ 3,941,736	\$ 2,543,652	\$ 40,310	\$ 1,338,155	\$ (1,563,472)	\$ (19,619)
General Revenues:						
Taxes:						
Property taxes		\$ 138,498			\$ -	\$ 138,498
Franchise taxes		86,786			-	86,786
Sales taxes		796,571			-	796,571
Miscellaneous		34,687			1,474	36,161
Rent income		31,850			-	31,850
Interest earned		11,176			7,955	19,131
Transfers		188,243			(188,243)	-
Total General Revenues and Transfers		1,287,811			(178,814)	1,108,997
Change in Net Assets					1,365,039	1,089,378
Net Assets - Beginning of Year					3,439,236	10,762,170
Net Assets - End of the Year		\$ 7,047,273			\$ 4,804,275	\$ 11,851,548

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Sales Tax Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 251,257	\$ 106,801	\$ 100	\$ 358,158
Investments	436,476	255,600	-	692,076
Receivables:				
Accrued interest	567	133	-	700
Franchise fees	24,815	-	-	24,815
Fine revenue	39,715	-	-	39,715
Sales tax	-	82,523	-	82,523
Other	609	-	-	609
Due from other funds	103,556	22,894	17,925	144,375
Restricted Assets:				
Cash and cash equivalents	206,947	189,903	-	396,850
Investments	175,001	105,132	-	280,133
Other assets	2,861	-	-	2,861
TOTAL ASSETS	\$ 1,241,804	\$ 762,986	\$ 18,025	\$ 2,022,815
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts and other payables	\$ 105,354	\$ 7,715	\$ 17,925	\$ 130,994
Retainage payable	43,376	-	-	43,376
Payroll liabilities payable	3,494	42	-	3,536
Escrow for Friends of Cave	744	-	-	744
Escrow for Police Department Fire	10,394	-	-	10,394
Due to retirement systems	4,920	459	-	5,379
Due to other funds	259,675	217,009	-	476,684
TOTAL LIABILITIES	427,957	225,225	17,925	671,107
FUND EQUITY				
Fund balance				
Reserved for streets, drainage and other capital improvements	-	16,610	-	16,610
Reserved for recreation improvements	-	88,522	-	88,522
Reserved for debt service	-	189,903	-	189,903
Reserved per sales tax ordinance	-	242,726	-	242,726
Unreserved				
Designated for community and economic development	381,948	-	100	382,048
Undesignated	431,899	-	-	431,899
TOTAL FUND EQUITY	813,847	537,761	100	1,351,708
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,241,804	\$ 762,986	\$ 18,025	\$ 2,022,815

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE GOVERNMENT - WIDE FINANCIAL STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2010

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balances for governmental funds at September 30, 2010 \$ 1,351,708

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consists of:

Land	\$ 284,160		
Buildings, net of \$2,325,997 accumulated depreciation	1,982,032		
Equipment, net of \$841,237 accumulated depreciation	249,021		
Infrastructure, net of \$3,762,676 accumulated depreciation	<u>3,198,588</u>		5,713,801

Long term liabilities including bonds payable and obligations under capital lease are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Certificates of indebtedness payable	\$ -		
Obligations under capital lease	<u>(18,236)</u>		<u>(18,236)</u>

Net Assets of Governmental Activities \$ 7,047,273

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	General Fund	Sales Tax Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Taxes:					
Ad valorem	\$ 138,488	\$ -	\$ -	\$ -	\$ 138,488
Sales and use	-	796,571	-	-	796,571
Other taxes, penalties, interest, etc.	86,786	-	-	-	86,786
Licenses and permits	157,258	-	-	-	157,258
Intergovernmental revenues:					
State Funds:					
Transportation funds	4,160	-	-	-	4,160
Parish insurance rebates	2,676	-	-	-	2,676
Grants	41,424	-	966,018	-	947,442
Police supplemental pay	19,000	-	-	-	19,000
Federal Funds:					
Grants	8,474	-	99,769	-	107,743
Fines	154,390	-	-	-	154,390
Garbage collection	170,763	-	-	-	170,763
Investment earnings	7,348	3,828	-	-	11,176
Other revenues	66,537	-	-	-	66,537
Total Revenues	863,314	800,399	1,005,207	-	2,668,000
Expenditures:					
General government	889,198	155,245	-	-	844,431
Public safety	410,439	-	-	-	410,439
Public works	-	10,689	-	-	10,689
Streets	262,355	-	-	-	262,355
Capital outlay and construction in progress	356,153	11,850	1,241,286	-	1,609,289
Debt service					
Principal	-	-	-	7,513	7,513
Interest	-	-	-	1,072	1,072
Total Expenditures	1,718,133	177,694	1,241,286	8,585	3,145,098
Excess (Deficiency) of Revenues Over (Under) Expenditures	(854,819)	622,705	(235,999)	(8,585)	(476,698)
Other Financing Sources (Uses)					
Transfers in	1,010,328	906,018	1,142,117	8,595	3,067,048
Transfers out	(8,785)	(1,964,002)	(936,019)	-	(2,878,805)
Total Other Financing Sources and Uses	1,001,543	(1,057,984)	206,098	8,595	186,252
Net Change in Fund Balance	146,724	(435,279)	100	-	(288,455)
Fund balances - beginning	667,123	973,040	-	-	1,640,163
Fund balances - ending	\$ 813,847	\$ 537,761	\$ 100	\$ -	\$ 1,351,708

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Changes in Fund Balances, Total Governmental Funds	\$ (288,455)
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Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 343,703	
Depreciation expense for the year ended September 30, 2010	<u>(338,422)</u>	5,281

Bond payable principal is an expenditure in governmental funds, but the repayment reduces liabilities in the Statement of Net Assets		-
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Capital lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets		<u>7,513</u>
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Change in net assets of governmental activities		<u><u>\$ (275,661)</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2010

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 499,291
Investments	432,365
Receivables - User Charges	423,204
Grant Receivables - LCDBG Program	119,780
Grant Receivables - Recovery Act Program	158,427
Lamb Weston Water & Sewer Improvement Funding Receivables	2,745,132
Accrued Interest	762
Due From Other Funds	332,309
Total Current Assets	<u>4,711,270</u>

Non-Current Assets:

Restricted Assets:

Cash and Cash Equivalents	557,803
Investments	199,046

Capital Assets:

Non-depreciable	5,718
Depreciable (Net)	3,975,696

Other Assets

Construction in Progress - Water and Sewer Improvements	16,563,547
Total Non-Current Assets	<u>21,301,810</u>
Total Assets	<u>26,013,080</u>

LIABILITIES

Current Liabilities:

Accounts and Other Payables	34,775
Accounts Payable - LCDBG Program	208,682
Accounts Payable - Recovery Act	185,084
Accounts Payable - Lamb Weston Contracts	3,181,300
Deposits due others	90,524
Current portion of bonds payable	18,334
Total Current Liabilities	<u>3,718,699</u>

Non-Current Liabilities:

Bonds Payable after one year	17,490,106
Total Non-Current Liabilities	<u>17,490,106</u>
Total Liabilities	<u>21,208,805</u>

NET ASSETS

Invested in Capital Assets (net of related debt)	3,036,521
Restricted for:	
Debt Service	489,082
Other purposes	267,768
Unrestricted (Deficit)	1,010,904
Total Net Assets	<u>\$ 4,804,275</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities Enterprise Funds Water System
Operating Revenues	
User Charges	\$ 2,055,312
Fees	5,929
Other	1,474
Total Operating Revenues	<u>2,062,715</u>
Operating Expenses	
Salaries, Wages and Employee Benefits	314,524
Contractual Services, Materials and Supplies	103,586
Depreciation Expense	136,265
Insurance and Other Expenses	254,457
Total Operating Expenses	<u>808,832</u>
Operating Income (Loss)	<u>1,253,883</u>
Non-Operating Revenues (Expenses)	
Federal Funds - USDA Grant	80,322
State Funds - LCDBG Program Grant	272,265
Income on Investments	7,955
Interest on Bonds Payable	(61,143)
Total Non-Operating Revenues (Expenses)	<u>299,399</u>
Income (Loss) Before Transfers	<u>1,553,282</u>
Transfers In	160,457
Transfers (Out)	(348,700)
	<u>(188,243)</u>
Change in Net Assets	1,365,039
Net Assets - Beginning	<u>3,439,236</u>
Net Assets - Ending	<u>\$ 4,804,275</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-Type Activities Enterprise Funds <u>Water System</u>
Cash Flows From Operating Activities	
Receipts from customers and users	\$ 1,738,621
Payments to suppliers	(348,935)
Payments to employees	(316,776)
Other receipts	1,474
Net Cash Provided (Used) by Operating Activities	<u>1,074,384</u>
Cash Flows From NonCapital Financing Activities	
Transfers from other funds	81,905
Transfers to other funds	(374,609)
Net Cash Provided (Used) by NonCapital Financing Activities	<u>(292,704)</u>
Cash Flows From Capital and Related Financing Activities	
Principal payments on bonds payable	(21,140)
Interest on bonds payable	(58,908)
Recovery Act Grant - Sewer Rehab Phase I	480,768
Sewer Rehab Phase I Construction Period Costs	(480,768)
2010 Sewer Revenue Bond Draws	7,433,004
Lamb Weston Sewer Improvement Construction Period Costs	(7,454,671)
2010 Water Revenue Bond Draws	5,231,415
Lamb Weston Water Improvement Construction Period Costs	(5,257,393)
FY2008 LCDBG Program Grant	152,485
FY2008 LCDBG Water Project Costs	(173,593)
Water Enhancement Project Costs	(43,300)
USDA Rural Development Grant	165,000
USDA Sewer Rehab Phase II Project	(144,702)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(171,803)</u>
Cash Flows From Investing Activities	
Purchase of investments	(7,326)
Interest on cash and investments	8,399
Net Cash Provided (Used) by Investing Activities	<u>1,073</u>
Net Increase (Decrease) in Cash and Cash Equivalents	610,950
Cash and Cash Equivalents, Beginning of Year	446,144
Cash and Cash Equivalents, End of Year	<u>\$ 1,057,094</u>

TOWN OF DELHI, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-Type Activities Enterprise Fund <u>Water System</u>
Reconciliation of Operating Income to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income	\$ 1,253,883
Adjustments to Reconcile Operating Income to Net Cash	
Used by Operating Activities:	
Depreciation	136,265
Change in Assets and Liabilities:	
(Increase) in account receivables	(329,565)
Increase (decrease) in accounts payables	4,712
Increase (decrease) in customer deposits	9,089
Net cash provided (used) by operating activities	<u>\$ 1,074,384</u>
Reconciliation of Total Cash and Cash Equivalents:	
Current Assets - Cash and Cash Equivalents	\$ 499,291
Restricted Assets - Cash and Cash Equivalents	557,803
Total cash and cash investments	<u>\$ 1,057,094</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Delhi (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended September 30, 2004, the Town adopted the new financial reporting requirements of GASB Statements No. 33 and 34.

A. Financial Reporting Entity

The Town was incorporated under the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body and other general oversight responsibility.

B. Government-Wide and Fund Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The accounts of the Town are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Governmental Funds

General Fund - This fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.

Capital Projects Funds - These funds are used to account for the financial resources used for the acquisition or construction of major capital facilities.

Proprietary Fund

Enterprise Fund - This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Enterprise Fund (Water System) is accounted for on a cost of services or "capital maintenance" basis. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due with the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when the liability is incurred or economic asset used.

D. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the month of September, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Aldermen must approve any revisions that alter the total expenditures of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgeted amounts are as originally adopted and amended by the Board of Aldermen.
7. All budgetary appropriations lapse at the end of each fiscal year; however, unexpended fund balances are used to fund expenditures of subsequent years.

Budgets for the General, Special Revenue and Proprietary Fund Type funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

At September 30, 2010, the Town's cash was made up of petty cash of \$275, checking and savings accounts of \$1,746,072 and certificates of deposit maturing in 3 months or less of \$57,773, for a total of \$1,804,120. Cash included in this total of \$954,653 is restricted and is shown as such on the Statement of Net Assets.

The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Statutes allow the Town to invest in bank savings accounts and certificates of deposit provided the bank adequately collateralizes them. The Town is also allowed to invest in obligations of the U. S. Treasury. The Town had a total in certificates of deposit, which had maturities of more than three months, of \$1,603,619. Certificates of deposit in this total of \$479,179 are restricted and are shown as such on the Combined Balance Sheet - All Funds Types and Account Groups.

The Town's cash is secured by federal depository insurance of up to \$250,000 per financial institution plus collateral held by the pledging banks or their agents with a market value of \$3,496,240 (see schedule as follows).

	<u>Cash Equivalents</u>		<u>Certificates of Deposit</u>	<u>Certificates of Deposit</u>	<u>Total</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>			
At September 30, 2010					
Carrying Amount on					
Balance Sheet	\$ 1,746,346	\$ 65,756	\$1,603,620		\$3,415,722
<u>Bank Balances:</u>					
a: Insured (FDIC) or collateralized					
with securities held by the entity					
or its agent <u>in the entity's name</u>	540,723	51,737	657,831		1,250,291
b: Collateralized with securities held					
by pledging financial institution's					
trust department or agent <u>in the</u>					
<u>entity's name</u>	1,294,124	6,036	945,789		2,245,949
c: Uncollateralized, including any					
securities held for the entity					
but <u>not in the entity's name</u>	275	-	-		275
Total Bank Balances	\$ 1,835,122	\$ 57,773	\$ 1,603,620		\$ 3,496,515

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(1) Summary of Significant Accounting Policies (Continued)

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at September 30, 2010. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

G. Bad Debts

Uncollectible receivables for ad valorem taxes and utilities are recognized when incurred by direct write-off. Although this is a departure from generally accepted accounting principles, historically such amounts have been immaterial.

H. Stewardship, Compliance and Accountability

Excess of expenditures over appropriations: The General Fund expenditures were in excess of budgeted appropriations, and exceed 5%.

I. On Behalf of Payments for Salaries

Included in the General Fund financial statements are amounts paid by the State of Louisiana as supplemental salaries to the Town's policemen. The payments of \$18,000 are included on the financial statement as Revenue and Public Safety Expenditures.

(2) Property Tax

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable December 31. The Town collects its own property taxes. Town property tax revenues are recognized when levied to the extent that they result in current receivables.

The Town is permitted by the Municipal Finance Law of the state to levy taxes up to 10.83 mills on the total assessed value for the Town for governmental services other than the payment of principal and interest on long-term debt and in required amounts for the payment of principal and interest on long-term debt.

For the year ended September 30, 2010 taxes of 10.30 mills were levied on property with assessed valuations totaling \$13,331,790 for a total of \$138,498. The taxes were dedicated for general corporate purposes.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(3) Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2010 for the primary government is as follows:

	Balance <u>10/01/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/10</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 284,160	\$ -	\$ -	\$ 284,160
Other capital assets:				
Buildings	3,997,646	310,382	-	4,308,028
Infrastructure	6,935,990	25,275	-	6,961,265
Equipment	<u>1,082,212</u>	<u>8,046</u>	-	<u>1,090,258</u>
Totals	<u>12,300,008</u>	<u>343,703</u>	-	<u>12,643,711</u>
Less accumulated depreciation:				
Buildings	2,259,149	66,849	-	2,325,998
Infrastructure	3,545,639	217,038	-	3,762,677
Equipment	<u>786,700</u>	<u>54,535</u>	-	<u>841,235</u>
Total accumulated depreciation	<u>6,591,488</u>	<u>338,422</u>	-	<u>6,929,910</u>
Governmental activities, capital assets, net	<u>\$ 5,708,520</u>	<u>\$ 5,281</u>	<u>\$ -</u>	<u>\$ 5,713,801</u>
	Balance <u>10/01/09</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>9/30/10</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,718	\$ -	\$ -	\$ 5,718
Construction In Progress	13,750	16,549,797	-	16,563,547
Other Capital Assets:				
Buildings	247,998	-	-	247,998
Infrastructure	5,892,022	577,922	-	6,469,944
Equipment	<u>476,763</u>	-	-	<u>476,763</u>
Totals	<u>6,636,251</u>	<u>17,127,719</u>	-	<u>23,763,970</u>
Less accumulated depreciation:				
Buildings	223,590	1,475	-	225,065
Infrastructure	2,387,617	130,781	-	2,518,398
Equipment	<u>471,537</u>	<u>4,009</u>	-	<u>475,546</u>
Total accumulated depreciation	<u>3,082,744</u>	<u>136,265</u>	-	<u>3,219,009</u>
Business-type activities, Capital Assets, net	<u>\$ 3,553,507</u>	<u>\$ 16,991,454</u>	<u>\$ -</u>	<u>\$ 20,544,961</u>

As of September 30, 2010, the Town has incurred construction related costs of \$9,964,418 for sewer system improvements and \$6,599,129 for water system improvements. These infrastructure improvement projects were in progress as of September 30, 2010, therefore the total construction related costs of \$16,563,547 have been included on the Proprietary Fund Statement of Net Assets as Other Assets. Partial funding for these ongoing projects is provided by a \$1,000,000 American Recovery and Reinvestment Act of 2009 (ARRA) stimulus package with a zero percent interest loan and 100% principal forgiveness to be used for rehabilitation of the existing sewer system. In addition to rehabilitation of the existing sewer infrastructure, the Town entered into various contracts for expansion of sewer and water capacity to accommodate the new facility of Lamb Weston. Funding for this expansion is provided through Louisiana Department of Environmental Quality (DEQ) \$11,000,000 sewer revenue bonds and through Louisiana Department of Health and Hospitals (DHH) \$7,500,000 water revenue bonds.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(3) Capital Assets (Continued)

As of September 30, 2010, the Town has made sewer bond draw downs of \$8,958,488 and water bond draw downs of \$6,449,288.

As of September 30, 2010, the Town has incurred construction related costs of \$1,241,286 for ongoing sidewalk improvement projects that were accounted for in the Capital Projects Fund as expenditures. Funding for the sidewalk projects is provided by a Transportation Enhancement Grant from DOTD and by a Rural Business Enterprise Grant from USDA. The Town has earned grant revenue related to sidewalk projects totaling \$1,005,287 through September 30, 2010.

Depreciation is computed on capital assets based on the estimated useful lives of the assets. The straight-line method with no salvage value is used. Buildings and improvements are depreciated over 20 - 40 years; water and sewer plant and related lines are depreciated over 25 - 50 years; all other equipment is depreciated over 5 - 15 years. Depreciation expense of \$474,687 for the year ended September 30, 2010 was charged to the following governmental functions:

Governmental activities:	
General government	\$ 338,422
Business-type activities:	
Water	\$ 136,265

(4) Accounts, Salaries, and Other Payables

The payables of \$229,198 at September 30, 2010 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 130,994	\$ 34,775	\$ 165,769
Retaining payable	43,376	-	43,376
Other liabilities	20,053	-	20,053
Totals	\$ 194,423	\$ 34,775	\$ 229,198

(5) Certificates of Indebtedness and Bond Indebtedness

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
<u>Bonds and Notes Payable:</u>					
Certificates of Indebtedness:					
Series 2009	\$ -	\$ 639,195	\$ -	\$ 639,195	\$ -
Series 2010	-	6,449,288	-	6,449,288	-
Series 2010	-	8,958,488	-	8,958,488	502,000
USDA Rural Development					
Sewer Bonds 2006	1,390,450	84,678	13,659	1,461,469	18,485
<u>Total Bonds and Notes Payable</u>	\$ 1,390,450	\$ 16,131,649	\$ 13,659	\$ 17,508,440	\$ 520,485

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(5) Certificates of Indebtedness and Bond Indebtedness (Continued)

On August 1, 2006, the Town issued forty-year sewer revenue bonds in the amount of \$1,523,000 for the purpose of funding sewerage system improvements. Monthly installments of \$6,671, including principal and 4.25% interest, began September 1, 2007. As of September 30, 2010, the Town had received advances in the amount of \$1,523,000. Interest of \$61,143 was paid during the year ended September 30, 2010. Outstanding bond indebtedness for this issue as of September 30, 2010 amounted to \$1,461,469. Future annual payment requirements on the 2006 sewer revenue bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Debt Service</u>
2011	\$ 61,715	\$ 18,485	\$ 80,049
2012	60,763	19,286	80,049
2013	59,927	20,122	80,049
2014	59,055	20,994	80,049
2015	58,145	21,904	80,049
2016-2020	275,636	124,608	400,244
2021-2025	246,191	154,053	400,244
2026-2030	209,788	190,456	400,244
2031-2035	164,783	235,461	400,244
2036-2040	109,143	291,101	400,244
2041-2045	<u>40,356</u>	<u>364,999</u>	<u>405,355</u>
	<u>\$ 1,345,351</u>	<u>\$ 1,461,469</u>	<u>\$ 2,806,820</u>

During the year ended September 30, 2010, the Town issued twenty-year sewer revenue bonds in the amount of \$11,000,000 for the purpose of funding improvements related to expansion of sewerage capacity in order to accommodate the new Lamb Weston facility. As of September 30, 2010, the Town had received advances in the amount of \$8,958,488. This total is included on the Proprietary Fund Statement of Net Assets as Bonds Payable after one year. These bonds call for annual principal payments beginning February 2012, and interest at .45% plus administrative fees at .50% payable on a semi-annual basis beginning August 2010. Interest of \$4,405 and administrative fees of \$4,895 paid during the year ended September 30, 2010 have been included in construction costs and are reported under Other Assets as part of Construction in Progress. The Town is required to make monthly Sinking Fund deposits of \$8,941 beginning April, 2010. As of September 30, 2010, the Town had transferred \$4,928 short of its sinking fund requirements and had a Sewer Revenue Sinking Fund balance of \$372,521 available for funding of future 2006 and 2010 Sewer Revenue Bond principal and interest. The 2010 issue also requires monthly Reserve Fund deposits of \$5,031 until the fund reaches \$301,852, and monthly Contingency Fund deposits equal to 5% of the Water System's net sewer revenue for the preceding month until the contingency fund reaches \$200,000. As of September 30, 2010, the Town was obligated for shortages in monthly transfers to the reserve fund for a total of \$10,062. As of September 30, 2010, the Town was also obligated for shortages in monthly transfers to the contingency fund for a total of \$22,136.

During the year ended September 30, 2010 the Town also issued twenty-year water revenue bonds in the amount of \$7,500,000 for the purpose of funding improvements related to expansion of water capacity in order to accommodate the new Lamb Weston facility. As of September 30, 2010, the Town had received advances in the amount of \$6,449,288. This total is included on the Proprietary Fund Statement of Net Assets as Bonds Payable after one year. These bonds call for annual principal payments beginning February 2012, and interest at 2.95% plus administrative fees at .50% payable on a semi-annual basis beginning August 2010. Interest of \$7,698 and administrative fees of \$1,305 paid during the year ended September 30, 2010 have been included in construction costs and are reported under Other Assets as part of Construction in Progress. The Town is required to make monthly Sinking Fund deposits beginning April, 2010. Monthly deposit requirements are \$19,550 through January, 2011, and approximately \$43,800 for February, 2011 through January, 2031.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(5) Certificates of Indebtedness and Bond Indebtedness (Continued)

As of September 30, 2010, the Town had transferred \$39,100 short of its sinking fund requirements and had a Sewer Revenue Sinking Fund balance of \$69,321 available for funding of future 2010 Water Revenue Bond principal and interest. This 2010 issue also requires monthly Reserve Fund deposits of \$4,350 until the fund reaches \$261,493, and monthly Contingency Fund deposits equal to 5% of the Water System's net sewer revenue for the preceding month until the contingency fund reaches \$100,000.

As of September 30, 2010, the Town was obligated for shortages in monthly transfers to the reserve fund for a total of \$8,716. As of September 30, 2010, the Town was also obligated for shortages in monthly transfers to the contingency fund for a total of \$34,602.

As discussed above, the Town's transfers to water and sewer sinking funds, reserve funds, and contingency funds were a total of \$119,544 short of required transfers as of September 30, 2010. As of September 30, 2010, funds of \$144,700 were available in the Sales Tax Fund to cover this shortage. The Town continued to transfer sales tax funds of \$14,000 per month to a sinking fund account that was established in a prior year to provide funds for retirement of a 1999 Certificate of Indebtedness, however this indebtedness was paid off during the year ended September 30, 2009. The Town paid the \$7,698 interest and \$1,305 administrative fees related to the 2010 water revenue bonds out of this sinking fund.

Estimated future annual principal, interest, and administrative fee payment requirements on the 2010 sewer revenue bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest</u>	<u>Principal</u>
2011	\$ 48,371	\$ 502,000
2012	46,101	507,000
2013	43,808	512,000
2014	41,495	516,000
2015	39,162	521,000
2016-2020	160,012	2,682,000
2021-2025	98,204	2,812,000
2026-2030	33,413	2,948,000
	<u>\$ 510,566</u>	<u>\$ 11,000,000</u>

Estimated future annual principal, interest, and administrative fee payment requirements on the 2010 water revenue bonds are as follows:

<u>Year ending September 30,</u>	<u>Interest</u>	<u>Principal</u>
2011	\$ 221,250	\$ -
2012	217,312	267,000
2013	209,303	276,000
2014	201,028	285,000
2015	192,473	295,000
2016-2020	813,257	1,636,000
2021-2025	560,279	1,937,000
2026-2030	266,324	2,296,000
	<u>\$ 2,681,226</u>	<u>\$ 7,500,000</u>

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(5) Certificates of Indebtedness and Bond Indebtedness (Continued)

Sewer Revenue Bonds With 100% Principal Forgiveness (\$1,000,000)

Sewer revenue bonds were issued in the amount of \$1,000,000 to help fund the clean water project. However, under the terms of the loan agreement, the Town's obligation to repay the principal of the bonds will be forgiven simultaneously with the payment by the DEQ of each installment of the purchase price of the bonds. As of September 30, 2010, the Town received \$639,195 which was recognized as bonds payable in the government wide financial statements and the Enterprise Fund financial statements. Upon forgiveness, this amount will be recognized as other financing sources in the Town's Enterprise Fund.

(6) Obligations under Capital Lease

During the year ended September 30, 2008, the Town leased a John Deere tractor from John Deere Credit under a capital lease. The economic substance of the lease is that the Town is financing the acquisition of the tractor through the lease, and accordingly, it is recorded in the Town's assets and liabilities. The \$38,500 cost of the tractor less \$6,417 accumulated depreciation is included in the Town's net capital assets of governmental activities as of September 30, 2010. The present value of remaining minimum lease payments included in the Town's liabilities of governmental activities as of September 30, 2010 is \$18,236 of which \$7,870 is due within one year and \$10,366 is payable after one year. Total interest related to the obligation under capital lease amounted to \$1,072 for the year ended September 30, 2010 and is reported as interest on long-term debt in the statement of activities.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of September 30, 2010:

<u>Year ending September 30,</u>	
2011	\$ 8,585
2012	8,585
2013	2,287
2014	-
2015	-
Total remaining minimum lease payments	19,457
Less amount representing interest payments	1,221
Present value of remaining minimum lease payments	\$ 18,236

(7) Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at September 30, 2010 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 103,556	\$ 259,675
Special Revenue Funds	22,894	217,009
Capital Projects Fund	17,925	-
Proprietary Fund	332,309	-
	<u>\$ 476,684</u>	<u>\$ 476,684</u>

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(8) Sales Taxes

1/2-Cent Sales Tax

On July 15, 1980, a resolution was adopted for a 1/2-cent sales tax for the Town. On September 13, 1980, a special election was held to vote on the proposed sales tax. The sales tax was adopted by a vote of 523 to 404 and became effective November 1, 1980, for ten years. It was renewed on November 6, 1990 for ten years, again on November 3, 1998 for ten-years, and again on September 8, 2008 for an additional ten year period. The revenue from this sales tax is dedicated as follows:

1. The first \$60,000 is dedicated to the maintenance, operation and addition to the Town's recreational facilities.
2. After satisfaction of the above, funds can be used in any of the areas listed below:
 - A. Street, sidewalk, bridge, and alley maintenance and improvement
 - B. Street light maintenance
 - C. Garbage collection
 - D. Police department
 - E. Fire department
 - F. Public parks
 - G. Airport
 - H. Real estate and equipment acquisition as related to the above

1-Cent Sales Tax

On October 7, 1989, the voters of the Town approved a 1-cent sales tax that became effective January 1, 1990 for a period of ten years. The tax was renewed on November 3, 1998 for ten years, and on September 8, 2008 it was renewed for an additional ten-year period. The revenue from this tax is dedicated to streets, drainage and other capital improvements.

(9) Operating Lease Commitments

The Town leased a tractor and loader effective March 25, 2008 for a period of five years. The operating lease requires nineteen quarterly payments of \$1,385 beginning June 30, 2008. Total equipment rent of \$6,969 is included in the street department expenditures for the year ended September 30, 2010. Future minimum payments required under the operating lease total \$12,461. Yearly requirements are \$5,538, \$5,539, and \$1,384 for the years ending September 30, 2011 through 2013, respectively.

(10) Risk of Loss

The Town is exposed to a variety of risks that may result in losses. These risks may include possible loss from acts of God, injury to employees, property damage, or breach of contract. The Town finances these potential losses through purchasing insurance from several commercial companies, as well as self-insuring physical damage on its automobiles. The level of coverage has remained constant. The Town is not a member of a risk pool. All claims currently filed are adequately covered by the policies in place with no outstanding liabilities for the Town.

(11) Contingent Liabilities

Under the Town's personnel policies, all unused vacation and sick leave lapse as of September 30. Therefore, no accrual is necessary for compensated absences.

TOWN OF DELHI, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

(12) Pension and Retirement Plans

Defined Benefit Pension Plans

The employees of the Town participate in a Statewide Local Government Retirement System, a multiple-employer cost sharing public employee retirement system. Contributions of participating state agencies are pooled within the systems to fund accrued benefits with contributions approved by the Louisiana Legislature.

The Town's employees and policemen participate in the Municipal Employees' Retirement System of Louisiana ("MERS") and the Municipal Police Employees' Retirement System of Louisiana ("MPERS"). These systems issue publicly available financial reports that include financial statements and required supplementary information. These reports can be obtained by writing to Municipal Employees' Retirement System, 7937 Park Boulevard, Baton Rouge, Louisiana 70809, and Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809.

Members of the MERS and MPERS are required by statute to contribute 5.0% and 7.5%, respectively, to the systems.

The Town's required contribution rates and amounts for the current year and two preceding years are reflected below:

	<u>September 30, 2010</u>		<u>September 30, 2009</u>		<u>September 30, 2008</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
MERS	6.75%	\$ 36,307	6.75%	\$ 35,567	6.75%	\$ 33,449
MPERS	25.00%	\$ 4,707	11.00%	\$ 2,972	9.50%	\$ 3,767

The Town's required contribution rate changed to 25% effective July 1, 2010.

(13) Subsequent Events

Subsequent events have been evaluated through March 4, 2011, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

TOWN OF DELHI, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
Taxes:				
Ad valorem	\$ 141,250	\$ 141,250	\$ 139,498	\$ (2,752)
Other taxes, penalties, interest, etc.	81,500	81,500	86,786	5,286
Licenses and permits	138,098	138,098	157,258	19,160
Intergovernmental revenues:				
State Funds:				
Transportation funds	7,800	7,800	4,160	(3,640)
Parish insurance rebates	10,765	10,765	9,676	(1,089)
Grants	-	-	41,424	41,424
Police supplemental pay	-	-	18,000	18,000
Federal Funds:				
Grants	-	-	8,474	8,474
Fines	208,724	208,724	154,390	(54,334)
Garbage collection	169,000	169,000	170,763	1,763
Investment earnings	11,219	11,219	7,348	(3,871)
Other revenues				
Royalties	-	-	7,213	7,213
Rent	37,812	37,812	31,850	(5,962)
Community Center/Country Club	8,500	8,500	7,240	(1,260)
Civic Center	10,000	10,000	13,149	3,149
Miscellaneous	27,000	27,000	7,085	(19,915)
Total Revenues	<u>851,668</u>	<u>851,668</u>	<u>863,314</u>	<u>11,646</u>
Expenditures:				
General government:				
Professional Fees	74,400	74,400	65,706	8,694
Utilities	17,000	17,000	15,583	1,417
Administrative	14,500	14,500	23,148	(8,648)
Public Facilities	73,100	73,100	67,575	5,525
Insurance	88,000	88,000	117,308	(29,308)
Employment Taxes	67,503	67,503	40,234	27,269
Other Administrative Expenses	33,850	33,850	20,993	12,857
Asbestos Removal	25,000	25,000	20,264	4,736
Salaries	111,426	111,426	110,733	693
Retirements	7,484	7,484	7,493	(9)
Waste Management	170,000	170,000	171,412	(1,412)
Repairs and Maintenance	2,500	2,500	14,532	(12,032)
Livestock Show	7,500	7,500	10,524	(3,024)
State Election Expense	1,000	1,000	-	1,000
Tax Assessor Fee	3,600	3,600	3,681	(81)
Total General Government Expenditures	<u>\$ 696,863</u>	<u>\$ 696,863</u>	<u>\$ 689,186</u>	<u>\$ 7,677</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures: (Continued)				
Public safety:				
Police:				
Salaries	\$ 328,834	\$ 328,834	\$ 249,310	\$ 79,524
Auto	25,000	25,000	37,809	(12,809)
Administrative	12,700	12,700	21,496	(8,796)
Supplies	6,000	6,000	7,990	(1,990)
Prisoner care	18,500	18,500	20,883	(2,383)
Retirement	8,406	8,406	7,379	1,027
Police Training	3,000	3,000	5,786	(2,786)
Uniforms	7,500	7,500	2,223	5,277
Animal Control	9,400	9,400	10,426	(1,026)
Total Police Expenditures	<u>419,340</u>	<u>419,340</u>	<u>363,302</u>	<u>56,038</u>
Fire:				
Auto	4,000	4,000	339	3,661
Volunteers	25,200	25,200	25,200	-
Telephone	1,250	1,250	1,188	62
Supplies	7,250	7,250	7,469	(219)
Donations	-	-	12,941	(12,941)
Total Fire Expenditures	<u>37,700</u>	<u>37,700</u>	<u>47,137</u>	<u>(9,437)</u>
Total Public Safety Expenditures	<u>457,040</u>	<u>457,040</u>	<u>410,439</u>	<u>46,601</u>
Streets:				
Utilities	43,500	43,500	41,146	2,354
Administrative	3,000	3,000	4,200	(1,200)
Salaries	151,294	151,294	149,843	1,351
Retirement	10,213	10,213	7,132	3,081
Repairs and maintenance	10,000	10,000	20,295	(10,295)
Oil and gas	12,500	12,500	20,161	(7,661)
Supplies	5,000	5,000	9,099	(4,099)
Mosquito control	2,500	2,500	3,410	(910)
Equipment rent	14,400	14,400	6,969	7,431
Total Streets Expenditures	<u>\$ 262,407</u>	<u>\$ 262,407</u>	<u>\$ 262,355</u>	<u>\$ (9,948)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Expenditures: (Continued)				
Capital outlay				
General government	\$ 15,000	\$ 15,000	\$ 339,282	\$ (324,282)
Public safety:				
Police	10,000	10,000	7,477	2,523
Fire	9,000	9,000	569	8,431
Streets	12,500	12,500	8,825	3,675
Total Capital Outlay	<u>46,500</u>	<u>46,500</u>	<u>356,153</u>	<u>(309,653)</u>
Total Expenditures	<u>1,452,810</u>	<u>1,452,810</u>	<u>1,718,133</u>	<u>(265,323)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(601,142)</u>	<u>(601,142)</u>	<u>(854,819)</u>	<u>(253,677)</u>
Other Financing Sources (Uses)				
Transfers in	598,694	598,694	1,010,328	411,634
Transfers out	-	-	(8,785)	(8,785)
Total Other Financing Sources and Uses	<u>598,694</u>	<u>598,694</u>	<u>1,001,543</u>	<u>402,849</u>
Net Change in Fund Balance	(2,448)	(2,448)	146,724	\$ 149,172
Fund balances - beginning	667,123	667,123	667,123	
Fund balances - ending	<u>\$ 664,675</u>	<u>\$ 664,675</u>	<u>\$ 813,847</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND - SALES TAX FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable: (Unfavorable)
Revenues:				
Taxes:				
Sales and use:				
Sales tax 1/2 cent	\$ 245,000	\$ 245,000	\$ 265,524	\$ 20,524
Sales tax 1 cent	490,000	490,000	531,047	41,047
Total Taxes	<u>735,000</u>	<u>735,000</u>	<u>796,571</u>	<u>61,571</u>
Investment earnings	6,684	6,684	3,828	(2,856)
Miscellaneous	3,000	3,000	-	(3,000)
Total Revenues	<u>744,684</u>	<u>744,684</u>	<u>800,399</u>	<u>55,715</u>
Expenditures:				
General Government:				
1/2 Cent:				
Recreation	127,943	127,943	110,970	16,973
Administration	28,500	28,500	16,939	11,561
Public Works/Safety	12,000	12,000	10,599	1,401
Miscellaneous	1,500	1,500	3,040	(1,540)
Total 1/2 Cent	<u>169,943</u>	<u>169,943</u>	<u>141,548</u>	<u>28,395</u>
1 Cent:				
Streets, Drainage & Other Capital Improvements	110,602	110,602	19,393	91,209
Sales tax commission	6,000	6,000	4,903	1,097
Miscellaneous	3,000	3,000	-	3,000
Total 1 Cent	<u>119,602</u>	<u>119,602</u>	<u>24,296</u>	<u>95,306</u>
Total General Government	<u>289,545</u>	<u>289,545</u>	<u>165,844</u>	<u>123,701</u>
Capital outlay	24,500	24,500	11,850	12,650
Total Expenditures	<u>314,045</u>	<u>314,045</u>	<u>177,694</u>	<u>136,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>430,639</u>	<u>430,639</u>	<u>622,705</u>	<u>192,066</u>
Other Financing Sources (Uses)				
Transfers in	-	-	906,016	(906,016)
Transfers out	(586,760)	(586,760)	(1,964,002)	(1,377,242)
Total Other Financing Sources and Uses	<u>(586,760)</u>	<u>(586,760)</u>	<u>(1,057,986)</u>	<u>(471,224)</u>
Net Change in Fund Balance	<u>(156,121)</u>	<u>(156,121)</u>	<u>(435,279)</u>	<u>\$ (279,158)</u>
Fund balances - beginning	<u>973,040</u>	<u>973,040</u>	<u>973,040</u>	
Fund balances - ending	<u>\$ 816,919</u>	<u>\$ 816,919</u>	<u>\$ 537,761</u>	

The accompanying notes are an integral part of this financial statement

TOWN OF DELHI, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Revenues:				
DOTD Transportation Enhancement Grant	\$ 973,175	\$ 973,175	\$ 906,018	\$ 67,157
USDA Rural Business Enterprise Grant	175,000	175,000	99,269	75,731
Total Revenues	<u>\$ 1,148,175</u>	<u>1,148,175</u>	<u>1,005,287</u>	<u>142,888</u>
Expenditures:				
Public Works	-	-	-	-
Construction in Progress - Sidewalks	1,199,396	1,199,396	1,241,286	(41,890)
Total Expenditures	<u>1,199,396</u>	<u>1,199,396</u>	<u>1,241,286</u>	<u>(41,890)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51,221)</u>	<u>(51,221)</u>	<u>(235,999)</u>	<u>(184,778)</u>
Other Financing Sources (Uses)				
Transfers in	51,221	51,221	1,142,117	1,090,896
Transfers out	-	-	(906,018)	(906,018)
Total Other Financing Sources and Uses	<u>51,221</u>	<u>51,221</u>	<u>236,099</u>	<u>184,878</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
BUSINESS-TYPE ACTIVITY - WATER AND SEWER FUND
FOR YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance With Final Budget Favorable/ (Unfavorable)
Operating Revenues				
Water System Receipts	\$ 1,331,879	\$ 1,331,879	\$ 2,062,715	\$ 730,836
Total Operating Revenues	<u>1,331,879</u>	<u>1,331,879</u>	<u>2,062,715</u>	<u>730,836</u>
Operating Expenses				
Operating Expenses	1,082,724	1,082,724	808,832	273,892
Total Operating Expenses	<u>1,082,724</u>	<u>1,082,724</u>	<u>808,832</u>	<u>273,892</u>
Operating Income (Loss)	<u>249,155</u>	<u>249,155</u>	<u>1,253,883</u>	<u>1,004,728</u>
Non-Operating Revenues (Expenses)				
Federal Funds - USDA Grant	-	-	80,322	80,322
State Funds - LCDBG Program Grant	-	-	272,265	272,265
Income on Investments	8,900	8,900	7,955	(945)
Interest Expense on Bonds Payable	-	-	(61,143)	(61,143)
Total Non-Operating Revenues (Expenses)	<u>8,900</u>	<u>8,900</u>	<u>299,399</u>	<u>290,499</u>
Income (Loss) Before Transfers	<u>258,055</u>	<u>258,055</u>	<u>1,553,282</u>	<u>1,295,227</u>
Transfers In	-	-	160,457	160,457
Transfers (Out)	(258,055)	(258,055)	(348,700)	(90,645)
	<u>(258,055)</u>	<u>(258,055)</u>	<u>(188,243)</u>	<u>69,812</u>
Change in Net Assets	-	-	1,365,039	<u>\$ 1,365,039</u>
Net Assets - Beginning	3,439,236	3,439,236	3,439,236	
Prior Period Adjustment	-	-	-	
Net Assets - Ending	<u>\$ 3,439,236</u>	<u>\$ 3,439,236</u>	<u>\$ 4,804,275</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF DELHI, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In the month of September, the Mayor submits to the Board of Aldermen a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at Town Hall to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The Mayor is authorized to transfer budgeted amounts between departments within any fund; however, the Board of Aldermen must approve any revisions that alter the total expenditures of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. Budgeted amounts are as originally adopted and amended by the Board of Aldermen.
7. All budgetary appropriations lapse at the end of each fiscal year; however, unexpended fund balances are used to fund expenditures of subsequent years.

Budgets for the General, Special Revenue and Proprietary Fund Type funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

COMPLIANCE REPORTING

CAMERON, HINES & HARTT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Lynn Lewis, Mayor,
And the Members of the Board of Aldermen
Delhi, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Delhi, Louisiana (the Town) as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 10-1 through 10-3. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Honorable Lynn Lewis, Mayor.
And the Members of the Board of Aldermen
Delhi, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 10-4.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's responses and, accordingly, we express not opinion on them.

This report is intended solely for the information and use of management, the Legislative Auditor, the Town of Delhi, Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Harrell (APAC)

West Monroe, Louisiana
March 4, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Lynn Lewis, Mayor,
And the Members of the Board of Aldermen
Delhi, Louisiana

Compliance

We have audited the compliance of the Town of Delhi, Louisiana (the Town), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of The Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

The Honorable Lynn Lewis, Mayor,
And the Members of the Board of Aldermen
Delhi, Louisiana
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Town of Delhi, Louisiana, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Houtt (APAC)

West Monroe, Louisiana
March 4, 2011

TOWN OF DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic primary government financial statements of the Town of Delhi, Louisiana.
2. Four significant deficiencies disclosed during the audit of the financial statements are reported in the Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards* and the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133. None of the significant deficiencies are deemed to be material weaknesses.
3. No instances of noncompliance material to the financial statements of the Town of Delhi, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs are reported in the Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Town of Delhi, Louisiana expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Sections 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included the Department of Transportation and Development Program, CFDA No. 20.219 and the Environmental Protection Agency, CFDA Nos. 66.458 and 66.468.
8. The threshold for distinguishing between Types A and B programs was \$300,000.
9. The Town of Delhi, Louisiana does not qualify to be a low-risk auditee.

TOWN OF DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (continued)

Section II - Financial Statement Findings

10-1 Controls Over Accounting for Ticket Fines

Condition:

During the audit of the police department of the Town of Delhi, Louisiana, it was noted that traffic tickets that are paid before the court date do not get reported to the Department of Public Safety & Corrections.

Criteria & Effect:

R.S. 32:393C(1)(b) requires that all (paid and unpaid) traffic violations, except parking violations, be reported to the Louisiana Department of Public Safety & Corrections not later than 30 days after the date of such person's conviction and sentencing or the final disposition of the case. Failure to report these violations to DPS results in inaccuracies in offenders' driving records.

Recommendation:

It is recommended that all traffic violations, except parking violations, be turned in to the Louisiana Department of Public Safety & Corrections.

Management's Corrective Action Plan:

The Town will make sure that every ticket, whether paid or unpaid, is sent to the Louisiana Department of Public Safety and Corrections. Also, the Town is looking into implementing a system to keep better track of tickets that are past due.

10-2 Personal Use of Police Property

Condition:

During the audit of the police department of the Town of Delhi, Louisiana, it was noted, that one of the police officers uses the police car assigned to him, for personal use and drives it to and from his home in another city. Also employee, the dog catcher, has access and use of a police car.

Criteria:

Police vehicles owned by the Town should only be used for police purposes for the Town of Delhi. Also, only a trained police officer should be able to use the police cars.

Effect:

The Town of Delhi is liable for all vehicles it owns. By using the vehicle as a personal vehicle and allowing it to be operated by unauthorized personnel, increases the Town's chances of liability. Also, additional gas, maintenance and repairs are needed to operate the vehicle.

Recommendation:

All vehicles owned by the Town, including the police cars should only be operated for the business of the Town of Delhi and only operated by authorized individuals.

TOWN OF DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (continued)

Section II - Financial Statement Findings (continued)

10-2 Personal Use of Police Property (continued)

Management's Corrective Action Plan:

Chief Steve Harris has been informed that all vehicles owned by the Town of Delhi, including police cars should only be operated for the business of the Town of Delhi and only operated by authorized individuals.

10-3 Invoices not Stamped Approved

Condition:

During the audit of the Town of Delhi, Louisiana, it was noted that some invoices that were tested for internal control purposes, were not stamped as approved for payment to render the invoice ineffective for payment a second time or prevent unauthorized payments from being made.

Criteria:

The Town of Delhi's policy is to approve all invoices by stamping them for approval before paying them.

Effect:

By not stamping or writing some sort of approval on the paid invoice, irregularities, whether intentional or unintentional could occur.

Recommendation:

All papers and documents supporting disbursements should be cancelled (stamped "Paid") in such a manner as to render them ineffective as a support for further payment at the time the checks are signed.

Management's Corrective Action Plan:

The Mayor's office will make diligent effort to mark all invoices "approved" to insure that the invoice is rendered effective for payment one time only.

10-4 Budget Variances

Condition:

During the audit of the Town of Delhi, Louisiana, it was noted in the general fund that total expenditures exceeded budgeted expenditures by more than five percent.

Criteria:

Louisiana law requires actual revenues meet or exceed budgeted revenue by five percent or more and actual expenditures to meet or be less than budgeted by five percent or more for the year. When this occurs, the political subdivision shall adopt a budget amendment in an open meeting to reflect such changes.

Effect:

By not amending the original budget in accordance with the budget laws set by the state, the Town of Delhi, Louisiana is out of compliance with the budget law.

TOWN OF DELHI, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2010 (continued)

Section II - Financial Statement Findings (continued)

10-4 **Budget Variances (continued)**

Recommendation:

The Town should amend its budgets to be in compliance with state budget laws.

Management's Corrective Action Plan:

The Town of Delhi will amend the budget to be in compliance with state budget laws.

Section III - There are no findings or questioned costs for Federal Awards, including those specified by OMB Circular A-133.

TOWN OF DELHI, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Federal Grants/Pass Through Grantor/Program Title	CFDA Number	Agency or Pass - Through Number	Expenditures
Department of Agriculture			
Rural Business Enterprise Grant	10.769	22-042-755495270	\$ 99,269
Rural Utilities Service Loan	10.760	22-042-0332	84,678
Rural Utilities Service Grant	10.760	22-042-0332	80,322
Total RUS			<u>165,000</u>
Department of Environmental Quality			
Municipal Facilities Revolving Loan	66.458	CS22-1576-01	* 639,195
ConAgra Utility Improvements	66.458	CS22-1576-01	* 8,958,488
Total			<u>9,597,683</u>
LADHH Water Improvements	66.468		* 6,388,613
Department of Housing & Urban Development			
LCDBG	14.218	FY 2008 LCDBG	272,265
Department of Transportation & Development		002-03-0040, 051-04-0019	
Recreational Trails Grant	20.219	051-05-0009, 744-42-0004 *	<u>906,018</u>
			<u>\$ 17,428,848</u>

*Denotes Major Federal Assistance Program.

See accompanying Notes to Schedule of Expenditures of Federal Awards.

TOWN OF DELHI, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Delhi, Louisiana. The Town of Delhi, Louisiana reporting entity is defined in Note 1 to the Town's primary government financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town's primary government financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF DELHI, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

Section I – Internal Control and Compliance Material to the Financial Statements

09-1 Ticket Fines

Condition:

During the audit of the police department of the Town of Delhi, Louisiana, it was noted that the police chief continues to accept partial payments of fines for tickets written for traffic violations and other civil matters and that these payments are held at the police department.

Recommendation:

All fines should be collected for the full amount of the fine and all money is to be collected at Town Hall, not at the police station.

Action Taken:

This action has been stopped by the new police chief elected during 2010.

09-2 Budget Variances

Condition:

During the audit of the Town of Delhi, Louisiana, it was noted that several line items in the budget adopted for the year ended September 30, 2009 failed to meet total budgeted revenues and expenditures by five percent or more.

Recommendation:

The Town should amend its budgets to be in compliance with state budget laws.

Action Taken:

The Town of Delhi will amend its budgets to be in compliance with state budget laws.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III – Management Letter

This section is not applicable for this entity.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF DELHI, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

<u>Board Member:</u>	<u>Amount</u>
J.C. Smith	\$ 4,400
Shirley McDade	4,800
W. B. Sumner	4,800
Marvin D. Hamilton	4,800
Bobby Benson	<u>4,800</u>
 Total	 <u>\$ 23,600</u>